Responses to Questions Submitted by Vendors
at the TGB Meeting held November 9, 2006

Q1: What are the goals/issues the State of Iowa expects to reach / resolve by outsourcing the IT Vendor Management?

A: It is the intent of the Iowa Department of Administrative Services, General Services Enterprise (DAS GSE) to piggy back off the competitively sourced Pennsylvania Contract with Computer Aid, Inc. (CAI) to offer the same tool to the State of Iowa Agencies and Political Subdivisions. The new tool will allow agencies to place requisitions directly with CAI. The goal of providing this tool is to provide to agencies with a vehicle that conforms to Administrative Rules to better help agencies make good business judgments in the best interest of their agency. The primary issues have been the time required for agencies to solicit proposals according to administrative rules, the limited ITQ approved list of qualified providers and the lack of DAS support to keep the ITQ list updated and fresh with new vendors, and the lack of central coordination, reporting and metrics of IT Staff Augmentation on a centralized enterprise level.

Q2: Is there an issue with the ITQ bill rates?

A: The bill rates associated with the ITQ Pre-Qualifications were never fixed / guaranteed. Competitive Selection determined the actual bill rates. Knowing future bill rates for future selections under the ITQ is/was not certain.

Q3: What is the State of Iowa average hour bill rate for staff augmentation per role?

A: Unknown. It is the intent of DAS GSE in cooperation with HRE and the agencies to have CAI help us with determining 'up to date' skill definitions and industry average rates.

Q4: What is the average Contractor rate in Pennsylvania before CAI?

A: See Q5 below.

Q5: What is the average Contractor rate in Pennsylvania after the contract?

A: On average, Pennsylvania saw bill rates drop by 30% or more across all positions when it switched from its ITQ to the CAI staff augmentation contract. In total, the Commonwealth of Pennsylvania saw roughly $19.8 million in savings annually through implementing the new staff augmentation contract.

Q6: Does the State of Iowa base their current bill rates on technology experience or a combined business and technology experience?

A: The actual bill rates today are determined by competitive selection with each assignment.

Q7:   What does it cost the State of Iowa to train new contractors?

A: See Attached. There is undoubtedly some cost to the State to bring on new suppliers into the ITQ under Iowa's current staff augmentation contracting vehicle. Utilizing the Pennsylvania contract, all of the costs of training suppliers will be borne by CAI. The vendor training is a key component of CAI's offering. Extensive time will be spent on in-person training and also with remote training sessions via the internet. CAI's interaction with vendors doesn't end when the up-front training has been completed. Every day, CAI's account managers will be working with vendors in the vendor network helping them compete for business.

Q8:   Is there an assumption the State of Iowa Contractors will stay under this arrangement?

Unemployment –	Pennsylvania	Iowa
2006	4.6	3.4
2005	5.0	4.6
2004	5.4	4.7

A: Please clarify what the question is.   The State and CAI will make every effort to maintain the current Iowa contractors. Since CAI's vendor network is always open, vendors can join at any time and we hope and will encourage all of vendors who currently provide resources to the State to join that network. In those instances where vendors decide, for whatever reason, not to join the network, we hope to move the resource to one of the dozens of firms that we expect will join the network. In the event that neither scenario is possible, the State may decide to offer the contractor full time employment or replace him with a new resourced sourced by CAI and provided by the vendor network.

Q9:   Does the State of Iowa have Contractors with bill rates between $100 - $250 / hour in Staff Augmentation roles? Pennsylvania had 55% of their rates above $100 per hour from legacy vendor list supplied. (See supplies, Microsoft, IBM, Unisys, Ciber, etc.)

A: See Attached.

Q10:   What is Iowa's overall budget and the target percentage saved?

A: Unknown. Again, the fact that we don't know how much we spend on IT contractors is a problem. With the CAI contract, we will be able to answer this question within minutes. Analysis by AT Kearney in 2004 estimated that the addressable spend in the temporary IT contractor category was roughly $7 million per year.

Q11:   Is there high turnover with the State of Iowa Contractors leaving the contract before the contract end date?

A: Which contract are you referring to?

Q12: What is the turnover rate for contracts that CAI manages per state? 2006? 2005? 2004?

A: In the 22 months the Pennsylvania contract has been live, the attrition rate has been around 2% and the performance removal rate is less than 2%.

Q13: What is the Contractor turnover rate at the State of Iowa?

A: See Attached. There is no simply way to measure this currently in Iowa to see how well the ITQ and its vendors are performing. In contrast, this data is readily available in the Pennsylvania contract.

Q14: Does the State of Iowa receive qualified candidates?

A: It is assumed that agencies have received qualified candidates through competitive selection. No agency has provided feed back to DAS GSE on the performance of service providers chosen through the ITQ list. Again, there is no systematic way to know whether candidates that have been provided to Iowa agencies via the ITQ are performing. Utilizing the Pennsylvania contract will provide the State with meaningful data to show at an enterprise level or at an agency level whether the candidates provided by the vendor network and selected by the agencies are getting their jobs done.

Q15: What State will CAI recruit new candidates from?

A: All; with an emphasis on Iowa. CAI's online requisitioning tool can be configured so that Iowa firms have the first opportunity to provide resources and that out of state firms are only eligible to compete when Iowa firms are unable to do so.

Q16: Is the State of Iowa thinking this will reduce Management's time of interviewing?

A: Yes. Instead of hiring managers being deluged with resumes from the firms it solicits off the ITQ, CAI will send them the three most qualified resumes based on preliminary phone interviews conducted by its account managers. This vetting process ensures quality while reducing the workload for hiring managers who already have a great deal of work on their plates.

Q17: Does the State of Iowa currently have Sole Source contracts? How many? With who?

A: Yes. The State of Iowa defines a sole source acquisition / contract as one that did not go through a competitive selection process. The DAS Administrative Rules governs the definition of and the approval process for sole source acquisitions. DAS GSE keeps a list with documentation of all approved sole source acquisitions.

The PA CAI contract was the result of a competitive selection process so it does not qualify as a 'sole source' or 'no bid'. Did you mean to say whether we had

"mandatory" contracts; where agencies are forced to use? If yes, then the answer is no. Agencies always have a choice between using a DAS GSE General Contract and soliciting bids for their specific needs. Agencies do not have the authority to bid on their own unless the value is under $5,000 or it is a service contract. However, we do not have mandatory contracts. Agencies can request that DAS do a bid on their behalf if the general contract does not fit their needs.

Q18: Is the State of Iowa changing to minority business companies versus TSB companies?

A: No.

Q19: How many projects stopped in Pennsylvania when they made this change?

A: As mentioned above, the vast majority of contractors stayed with their assigned agency after the transition to the new contract. In those instances where a new contractor was placed, no projects were stopped. As was reported in our TGB meeting, PA agency hiring managers have expressed satisfaction with the PA CAI contract by a 98% - 2% margin.

Q20: Did the number of contractors in Pennsylvania go up or down or remain steady?

A: From the time the contract was fully executed in April 2005 through October 2005, the number of contractors steadily grew. By October 2005, the number of engaged contractors topped 300. From October 2005 to present, the number of engaged contractors has been between 300 and 375, fluctuating as agencies needs went up and down. In total, CAI has fulfilled over 1200 engagements

Q21: Has the contract been in place long enough to determine if Pennsylvania is getting the same quality of Contractors - or are they needing to add more staff due to less skills?

A: The quality has been equal to or better than the previous contractors as evidenced in the low incidence of contractor removal and high customer satisfaction.

Q22: What is the process CAI follows in scoring and filtering the contractor resumes before sending the resume to the department manager's review?

A: Each candidate is given a composite score according to how their experience matches up against the required/desired skills listed in the job requisition. CAI's Account Manager will sort those resumes based on highest to lowest composite scores and then start calling the candidates to validate that their skills and experience have been accurately represented. In Pennsylvania, CAI has an obligation to forward three qualified candidates within three days to the hiring manager.

Q23: Can CAI or the State of Pennsylvania provide a complete list of all legacy vendors and phone contact information?

A: See Q24 below.

Q24: Can the State of Iowa contact each and document how CAI impacted their business? When five companies were contacted a 'live' person was not reached at four and the fifth company mostly performed data entry.

A: The State will contact principals from at least 5 firms within CAI's vendor network to verify that these firms are legitimate businesses.

Q25: Is there oversight to ensure the new vendors are not subsidiaries or financially affiliated with CAI? (The minority vendor, TecPort Solutions – 717-651-3238, was contacted and when transferring to the operator CAI answers. An attempt to contact two other companies produced a disconnected phone number and a no answer.)

A: CAI would be amenable to language restricting any firms from participating in the network. CAI is contractually limited to placing no more than 25% of resources. In PA, they have only placed 2% of new resources. With regard to TecPort Solutions, it is a minority owned firm that rents office space and telephone and network services from CAI.

Q26: What is the size of the new companies and what is their contact information?

A: CAI's vendor network in Pennsylvania consists of 155 active vendors. They range in size from fairly small firms to much larger ones. Of the 155 firms, 43 are "disadvantaged businesses." By definition, disadvantaged businesses are small firms with less than 100 employees and less than $25 million in annual revenue. Of course, some of the firms that are not classified as disadvantaged businesses may be small firms as well, but have not been certified as a disadvantaged business by the Commonwealth of Pennsylvania. In terms of dollars, 51.86% of the spend on new resources has gone to disadvantaged businesses.

We do not believe that it is necessary to list the contact information for all the firms in the Pennsylvania network, nor would it respect their privacy. Instead, DAS will be contacting a representative sample of firms as was mentioned in the answer to question number 24 above.

Q27: Based upon the meeting minutes it would appear the State of Iowa is considering entering this process through the State of Pennsylvania. What is the reason behind the urgency, and why is the State of Iowa not following traditional RFP processes to determine if there are other vendors who could provide a competitive service?

A: There is no urgency other than the sooner we get started the better. An RFP is a time consuming process involving great expense of a committee's time to develop an RFP and to evaluate proposals. It took Pennsylvania more than a

year to complete this process with the support of the consulting firm Accenture. We are allowed to use another State's RFP process. We participate in several other cooperative purchasing agreements including WSCA and U.S Communities.

Q28:   The current ITQ contracts do not expire until 2007, how is the State of Iowa proposing to terminate these contracts?

A: Many of the ITQ pre-qualifications start expiring in Feb. 2007, but not all. Some do not expire until 2009. The decision to renew any of the expiring agreements will depend upon whether there was actual use over the years and upon input provided by user agencies.

Respectfully submitted,

Ashley Super, DAS GSE
Friday, December 08, 2006

Agency	"What does it cost the State of Iowa to train new contractors?"	"Does the State of Iowa have Contractors with bill rates between $100 - $250 / hour in Staff Augmentation roles?"	"What is the Contractor turnover rate at the State of Iowa?"
IDR	Train them in what? Are we discussing the technology skills, the portfolio that they become subject matter experts in while they are here or the work rules of state government? Training in technical skills is generally not necessary; however, IDR does experience a significant resource and time commitment in developing an understanding among the consultants of the agency policies and procedures for performance of various tasks. For application developers this can include a period (of up to several weeks) for learning the infrastructure and the application portfolio that they will be developing or supporting. For the database administrative staff that has been selected a similar "time for familiarity" would be expected. Similarly, the network and infrastructure staff when replaced has required considerable time to become familiar with department policies and infrastructure.	Costs for Technology Professionals- I imagine so but all decisions on investments should reflect the agency's view of the value of the return on the investment and not simply the lowest cost. IDR has experienced such rates when it is necessary to invest in technology resources with senior level skills and abilities and/or those who posses knowledge and capabilities in unique complex technologies. When such expenditures occur they have been in the lower one-half of the range and these investment decisions have been proven to be well worth the expenditure of funds given the quality of work performed by these consultants.	Turnover, in what context? Assuming we are talking about IT consultants it would appear to vary depending on whether an agency was purchasing hours for a short term project vs. one that would require months or years to complete. Also not sure what the metric is that should be used to report turnover (i.e. what formula does the TGB (or whomever is asking this question) wish to be used use in calculating turnover as I don't think a subjective answer such as little or lots is what would be sought. IDR recognizes that turnover of consulting staff can and does affect the capability of the agency to meet its priorities and strives to avoid unplanned turnover. With the current contracting process, IDR is able to seek and obtain the commitment from the vendor community that staff presented will be available for the life of the engagement which in some cases extends over multiple years. As a result we generally experience very low rates of turnover during a project period.

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ICN	No training was required.	The ICN has only used one IT contractor at a rate below $100 per hour.	We have had no turnover because we have only used one.
DOT	DOT does not train new contractors since we hire contractors with skills needed to perform their job. If I were to rely on staff augmentation for a project, I would factor in "orientation" time for the new staff. The amount of orientation would vary wildly depending upon the tasks which need to be done. We have had staff augmentation for mainframe techs. Since we were hiring a specific skill and all they had to learn was our processes, there was little orientation. Likewise, if I was hiring someone to do heads down programming (where we did the business analysis and requirements), then again I would expect little training. However, if we were augmenting with a team of individuals from analysts, project managers, programmers and testers; then I would need to allow for considerably more orientation time for them to learn the business, standards and processes.	Yes, if justified based on skills, knowledge, ability, and required availability. If I need someone for a number of weeks, but will only utilize them for a fraction of each work week, then I have paid a premium to guarantee their availability to me. This is sometimes less expensive (in dollars and morale) then having them here for the whole week doing nothing 60% of the time.	Negligible. We seldom have a contractor quit in the middle of a project.
IWD	[We] concur with [DOT]'s Responses.		
DPS	[We] concur with [DOT]'s Responses.		

Agency	"What does it cost the State of Iowa to train new contractors?"	"Does the State of Iowa have Contractors with bill rates between $100 - $250 / hour in Staff Augmentation roles?"	"What is the Contractor turnover rate at the State of Iowa?"
DIA	Depends 20 min to 1 hour plus depending on the required work note we train only on the unique DIA aspects of the Job.	DIA No not in augmentation rolls used only as SME's for unique programs.	Negligible. We have never had a contractor quit in the middle of a project (9 years).
IID	Nominal as we generally hire qualified staffing	No as the only contractor we have hired at this level is for a specific project not an on going point.	low - we only have had 1 in last two years.
DAS ITE	We do not train contractors as such. We do have startup costs in order to get them up to speed on the framework and processes we use in our software development process. I would estimate that to take about 4-8 hours for each new contractor brought on board.	As a general occurrence, the answer is no. However, it is occasionally necessary to bring on someone with a unique, hard to find skill set that necessitates a bill rate in excess of $100 per hour. That has occurred in less than 3% of the staff augmentation opportunities I have presented.	Of the more than 30 contactors I have engaged, only two have left at a time other than the end of their contract. Of the two, one was released by the state. The other resigned to take a full time position. Because of my reasons for engaging contractors, I prefer to move them from project to project. This avoids the ramp in cost and allows me to use a known entity with regards to quality and productivity. Turnover deters from productive use of contractors.
DHS	Generally, training for technical skills is not necessary. There can be a period of time required for the consultant to become familiar with the specific business processes they are interacting with, or the specific infrastructure environment we have in place. I am not able to provide a specific cost for this.	At this time DHS does not have any contractors performing staff augmentation roles at these rates. For very specific short term activities it would not be unreasonable to pay these rates.	DHS has a very low turnover rate for contract staff. Our contracts tend to be fairly long term and our vendors are aware of those requirements during the selection process. The primary source of turnover is due to completion of the project.

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IFA	Tough question…there is always some training time to teach them business practices and such. I would say that for many it is less than one day for us.	No.	Zero percent.
IPERS	IPERS has no staff augmentation contracts		
DNR	New contractors are hired trained in the skill we need for them to do the job. Generally in less than a week they are productive.	No, our rates average around $70 per hour for a top notch person.	We have been very successful with our vendors. Our contractors are hired and stay until the end of their contract period 99% of the time. It helps to establish good relations with a few vendors so they understand your expectations and feel willing to ensure you get the best candidates.